Extension Service and Agricultural Adjustment Administration Cooperating
United States Department of Agriculture
Washington, D. C.

SPECIAL LOCALIZED STATE COTTON STORY FOR SOUTH CAROLINA.

Beginning January 1 the cotton farmers of South Carolina will be asked to sign contracts to reduce the planted acreage next season to approximately 1,149,000 acres, in a Southwide program to restrict total plantings to 25,000,000 acres.

Under the provisions of the 1934-35 cotton acreage adjustment contracts of the Agricultural Adjustment Administration, South Carolina cotton planters will receive in rental and benefit payments next year approximately $7,360,000 if a 40 percent reduction of the five-year average of the annual acreage planted to cotton is achieved.

In a final appeal to the cotton producers of the South on the eve of the opening of the campaign, Mr. Chester C. Davis, Administrator of the Agricultural Adjustment Act, made the following statement:

"After the many problems involved have been thoroughly considered, the 1934-35 cotton acreage reduction contracts are now ready to present to the South's cotton farmers. It is a fair contract that offers to the producer an adequate compensation for making this reduction. An effort has been made to devise a program that will achieve the necessary reduction and protect as far as possible the interests of all involved. It is absolutely necessary that the production of cotton be reduced next season if producers are to receive a decent price for their crop. Farmers must remember that we still have a great surplus of cotton and a fair price can not be expected while this surplus exists, even if general economic conditions

are restored to normal. There is for the current year a 24,000,000 bale supply of American cotton. Through this program we are seeking to achieve a reduction in production next year that will bring us nearer to the balanced situation that is necessary if cotton is to bring a fair price.

"I would call to the attention of all cotton growers the fact that the contract provides that a sufficient number of acres of cotton land must be offered to the Secretary of Agriculture by January 31 to make the plan feasible. Otherwise, the contracts can not be accepted. The fate of this plan is now in the hands of individual cotton producers. The Administration has every confidence that the cotton farmers will unite under this program and take the second step in adjusting production. The individual welfare of every cotton producer as well as the economic future of the South is involved in this program.

"It is our hope that the contracts will be signed promptly by every producer eligible to execute a contract and that before January 31, the Secretary of Agriculture can announce that this second production control program for cotton has met with unqualified success."

The Agricultural Adjustment Administration has fixed a tentative goal of a reduction of 766,000 acres in South Carolina. The average annual cotton acreage in South Carolina during the base period, 1928-1932 is 1,915,000 acres. A 40 percent reduction of this average acreage would mean that South Carolina cotton farmers would plant a little less than 1,149,000 acres next year in cotton. The average annual production in South Carolina during the base period was 856,000 bales.

Under the 1934 cotton reduction plan, South Carolina farmers would receive in the form of rental payments, if the reduction of 40 percent is achieved, $5,725,000. The "parity" payment of at least one cent per pound on the

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farm allotment, on the basis of a 40 percent reduction, would total $1,635,910 for South Carolina alone. This would be based on a total farm allotment of 342,000 bales for South Carolina. This allotment will be distributed, ratably, in each of the cotton producing counties of the state.

In announcing the farm allotments by states, the Agricultural Adjustment Administration made public the most recent available figures on the distribution of rental and benefit payments to States in the 1933 campaign.

Cully A. Cobb, chief of the cotton production section, who is again directing the adjustment campaign, stated that the 1933 adjustment programs added $314,000,000 to the cotton income of the South and pointed out that the probable total cotton income from the 1933 crop was $754,000,000, making that crop most valuable since 1929, when cotton brought an average price of 16.8 cents per pound.

Figures available at Washington, as of the latter part of December, reveal that a total of $4,737,023 has gone into South Carolina alone in the form of rental payments on 69,080 contracts accepted, covering 422,897 acres removed from production. South Carolina producers also hold options on 181,721 bales of cotton at six cents per pound. The initial payment of $20 per bale is now available on these options and $3,634,430 is now being distributed in South Carolina. Thus South Carolina cotton producers have received or will receive a total of $8,371,453 as their compensation for taking 422,897 acres from production in 1933. A remaining crop of 742,000 bales has been harvested and, at an average price of at least 9 cents per pound, should bring to South Carolina cotton farmers an income of at least $33,390,000, making the total income to South Carolina farmers, exclusive of cotton seed $41,761,453 for the 1933 season.

According to Mr. Cobb, if the 1933 plow-up program had not been successful and a full crop of 17,600,000 bales been harvested, the price of cotton would have reached "disastrous levels."

"In view of the excessive supply situation, it is conservative to estimate that a 17,600,000 bale crop piled upon a carry-over of 11,600,000 bales undoubtedly would have depressed cotton prices to five cents per pound," Mr. Cobb stated. This would have resulted in South Carolina cotton farmers receiving around $23,950,000 for the potential crop of 958,000 bales.

It is asserted by the Agricultural Adjustment Administration that, on the basis of the foregoing data, the 1933 cotton adjustment program has added around $18,000,000 to the income of South Carolina farmers.

The 1934-35 cotton program does not contemplate the expenditures of so large an amount in the form of acreage rentals or benefits as did the 1933 program because, as Mr. Cobb points out, the 1933 program entailed destroying a portion of a growing crop. The cotton farmer will not have the expense of seed or cultivation in 1934, but will be paid 3½ cents per pound on the average annual production of the land withheld from production. In addition, participating producers will receive a "parity payment" of at least one cent per pound on the farm allotment, which is 40 percent of their average base production.

According to data in the Department of Agriculture, South Carolina farmers would receive an average of $9.61 per acre for withholding land from production. This rental is based upon the five-year average production and assumes that the reduction in South Carolina would be from the average of the lands planted to cotton during 1928-1932. South Carolina's five-year average per acre yield, computed on the basis of planted acreage, is 214 pounds per acre.

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